

The European Central Bank keeps “steady hand” on policy stimulus, despite improving euro area growth and inflation prospects

- US equity markets consolidated near all-time highs in the past week, with a dovish ECB and positive economic announcements, providing support. Investors appear to have relaxed their inflation concerns, as the S&P500 rose by 0.5% on Thursday 10th, despite CPI reaching its highest annual growth (5%) since 2008. Implied equity market volatility (VIX) declined to a 12-month low of 16%.
- The Information Technology sector led the increase in the past week (+2%), with Banks underperforming. Lower long-term interest rates offer some potential explanation for the price action. The US Treasury yield declined by 10 basis points wov to 1.50%. Value tends to underperform Growth when interest rates fall. As the slope of the US Treasury yield curve flattens, the negative impact on Banks’ net interest margins and therefore, net interest income could be significant.
- Looking forward, however, improving growth and core inflation, as well as the increasing likelihood that the Federal Reserve will take steps towards an eventual tapering of its large-scale asset purchases, suggest that nominal US Treasury yields could surpass their March peak (1.74%) in the coming months (see page 3).
- Attention now turns to the Fed meeting on June 16th and on how the “discussion about discussing” QE tapering (US Treasuries and agency MBSs), evolves.
- Furthermore, the quarterly economic projections as well as the Federal Open Market Committee members’ assumptions regarding the appropriate path for the policy interest rate, will offer valuable insight into monetary policy prospects. Note that in March, the median of the 18 FOMC participants’ assessments pointed to near zero rates (0% - 0.25%) through 2023.
- On the other side of the Atlantic, the ECB (June 10th) kept policy unchanged. As far as its pandemic emergency programme (PEPP) is concerned (total envelope: €1850 bn | holdings of €1126 bn as of June 11th), the ECB reiterated its expectation for maintaining a “significantly higher” pace of purchases over Q3:2021 (circa €20 bn per week) compared with the first months of 2021 (€14 bn per week) driving periphery government bond yields significantly lower (see Markets).
- The accompanying quarterly macro-economic projections revealed positive revisions regarding growth, with 2021 real GDP expected at +4.6% (from +4% in March) and 2022 real GDP expected at +4.7% (from +4.1% in March). The inflation outlook remains subdued, albeit with a modest upward drift through the forecasting horizon (HICP 2023: +1.4%).
- The leaders of the Group of Seven (G7) agreed to launch a new global infrastructure plan “Build Back Better World (B3W)” for low-and-middle-income countries, providing a western alternative to China’s “Belt and Road Initiative”, which has increased Beijing’s influence in the less developed countries.
- Furthermore, the G7 will try to reach a global agreement on a minimum tax rate of 15% on a country-by-country basis at the July meeting of G20, to create a fairer tax system and reverse a 40-year race of declining corporate tax rates.

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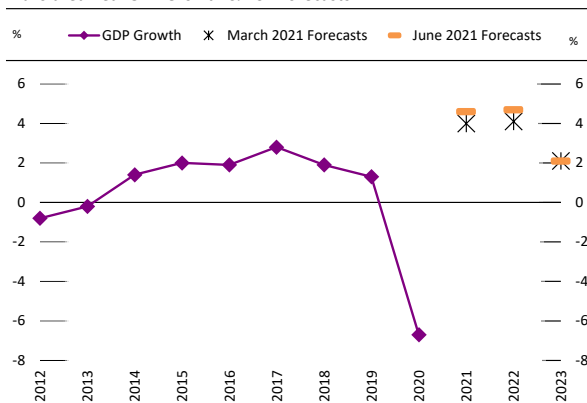
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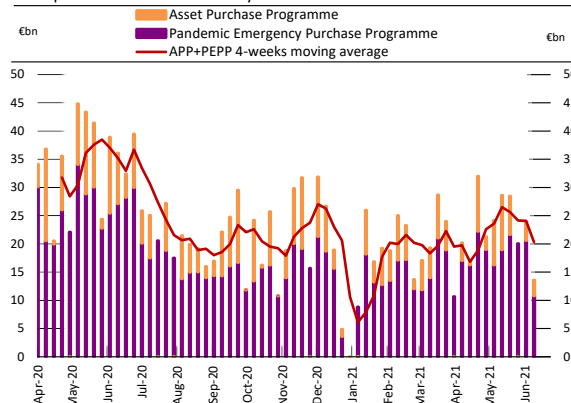
Charts of the week

Euro area Real GDP Growth & ECB Forecasts



Source: NBG Research, ECB

European Central Bank: Weekly Purchases of PEPP & APP



Source: NBG Research, ECB

US inflation exceeded expectations for a second consecutive month in May

- **The annual pace of growth of both the headline and core CPI accelerated sharply in May, due to both a robust sequential momentum and strong base effects.** Specifically, the headline inflation came out at +5.0% yoy (the highest since August 2008), compared with +4.2% yoy in April (trough of +1.2% yoy in November 2020) and versus consensus estimates for +4.6% yoy. The elevated headline reading was in a significant part, due to the energy index, which came out at +28.5% yoy (+25.1% yoy in April), due a combination of the recovery and a depressed base of comparison, for international oil prices (in May 2020, oil prices stood at extremely low levels due to the pandemic). Meanwhile, the respective trend for the food index, modestly decelerated, by 0.2 pps to +2.2% yoy.
- More importantly, core CPI (i.e. CPI excluding food & energy) posted a sharp increase for a 2nd consecutive month in May, by 0.7% on a (seasonally adjusted) monthly basis, following a +0.9% mom in April (the highest reading since April 1982). Notably, c. 1/3 of the aforementioned monthly increases (both in May and April) were due to the index for used cars and trucks rising by 7.3% mom & 10.0% mom, respectively (April's reading was a record - since 1953 - high). That development was mainly on account of supply chain issues (including, *inter alia*, a global shortage of semiconductors) which hamper the supply of new cars & trucks, a factor though which is expected to be transitory. Furthermore, the re-opening of the US economy leads to a recovery of demand (and consequently of prices) of some travel-related components which had been particularly depressed during the pandemic. Combined with strong base effects (as the prices of these items in May 2020 were particularly low), the annual growth of prices of lodging away from home including hotels and motels came out at +10.0% from +8.1% in April and at +24.1% from +9.6% in April for airline fares (the weight of these components on the headline index are 0.8% and 0.6%, respectively). Moreover, base effects also resulted in the annual growth of apparel prices increasing to +5.6% in May, from +1.9% in the previous month (weight of 2.7% on the headline index). As a result of the above, core CPI's annual pace of growth accelerated to +3.8% (the highest since June 1992), from +3.0% yoy in April (consensus for +3.4% yoy).
- **Looking forward, headline inflation is expected at similar levels in June, with a partial easing of favorable base effects related to international oil prices, being offset by a further normalization of pandemic-hit items (alongside strong positive base effects remaining in place for these items).** In all, according to the Federal Reserve Bank of Cleveland Inflation Nowcasting model, the headline is expected at +4.8% yoy in May and the core at +3.9% yoy. Later on, even though inflation readings will likely remain elevated throughout H2:21 as well as in Q1:22, the ongoing spike appears set to eventually prove temporary, with the annual pace of growth of the headline CPI, expected to revert towards 2% in Q2:22.
- Finally, note that the PCE deflator (the Fed's preferred measure for gauging inflationary pressures) was +3.6% in April (from +2.4% yoy in March), while the core figure stood at +3.1% yoy, from +1.9% yoy in March. According to the Federal Reserve Bank of Cleveland Inflation Nowcasting model, PCE growth is expected at +3.9% yoy in May and its core counterpart at +3.4% yoy.

The ECB revised upwards its GDP and inflation projections

- **The European Central Bank (ECB) kept unchanged the policy interest rates (Deposit Facility Rate: -0.50% | rate on Main Refinancing Operations: 0.00%), as well as the main aspects of QE programmes (total size, duration) at its meeting on June 10th, as expected.** In the event, net purchases under the Asset Purchase Programme (APP) will continue at a pace of €20 bn per month. Furthermore, the total envelope of the Pandemic Emergency Purchase Programme (PEPP) was maintained at €1850 bn (holdings of €1126 bn as of June 11th), with its duration at least up to March 2022 (and in any case, "until it judges that the coronavirus crisis phase is over") and with the reinvestment of principal payments from maturing securities purchased under the PEPP, taking place at least the end of 2023. Importantly, the ECB reiterated its expectation for a "significantly higher" pace of purchases under the PEPP over Q3:21 compared with the first months of 2021 (€14 bn per week, on average, from the start of the year up to mid-March, on net | €19 bn per week, later on).
- **Regarding the quarterly ECB staff's macroeconomic projections, the estimates for GDP were significantly revised up**, on the back of the progress in the vaccinations against Covid-19, a better than previously assumed adjustment of economic activity to the pandemic conditions, a prolongation of supportive fiscal measures and a brighter outlook for external demand. In all, the estimate for real GDP growth in 2021 came out at +4.6% yoy (from +4.0% in March), +4.7% yoy in 2022 (instead of +4.1%) and +2.1% in 2023 (unchanged compared with March). Notably, the return of GDP to pre-pandemic (Q4:19) levels was brought forward compared with the previous estimates, to Q1:22, instead of Q2:22.
- Meanwhile, the faster recovery for GDP (alongside higher assumptions for commodities prices), led to an upward revision of the inflation profile. Specifically, the projection for inflation in 2021 was revised up by 0.4 pps to +1.9% yoy, by 0.3 pps to +1.5% yoy in 2022, while for 2023 it was unchanged at +1.4% yoy (still well below the target for "below, but close to, 2%" and thus, supporting the view for maintaining an ultra-accommodative monetary policy stance in the next years). Core CPI estimates were also revised up, albeit more modestly, by 0.1 pp in 2021 to +1.1% yoy, by 0.2 pps to +1.3% yoy in 2022 and by 0.1 pp to +1.4% yoy in 2023.

Euro area GDP in Q1:2021 was revised up

- **The 3rd estimate for euro area GDP growth in Q1:21 (the first including a breakdown per expenditure component) came out at -0.3% qoq from -0.6% qoq in the previous estimate (above consensus for an unrevised reading) and following a -0.6% qoq in the previous quarter.** The annual growth was -1.3% (-1.8% in the 2nd estimate | -4.7% yoy in Q4:20). The contraction in Q1, was solely due to private consumption falling by 2.3% qoq (-5.4% yoy), posing a drag of 1.2 pps to the headline figure. At the same time, government consumption was largely stable on a quarterly basis (+3.0% yoy). In addition, capital formation was slightly up, by 0.2% qoq (-2.0% yoy), with residential investment rising by 0.5% qoq (+1.6% yoy) and business investment up by 0.2% qoq (-3.1% yoy). Exports increased by 1.0% qoq (-0.3% yoy), slightly outpacing imports (+0.9% qoq | -3.8% yoy). In all, capital formation and net exports had minor contributions to overall GDP growth, while a substantially positive contribution came from inventories in Q1:21 (+0.7 pps), following a sharp destocking in H2:20.

Equities

- Global equity markets rose in the past week.** Overall, the MSCI ACWI ended the week up by 0.4% (+11% ytd), with developed markets (+0.5% wow | +12% ytd), overperforming their emerging market peers (0% wow | +7% ytd). In the US, the S&P500 rose by 0.4% wow, posting a new all-time high (4247) and recording its 3rd consecutive positive week. The bulk of the increase occurred on Thursday (+0.5%) with investors shrugging off a larger-than-expected rise of inflation and focusing on positive macro. Specifically, the weekly initial jobless claims declined for a 6th consecutive week reaching a new pandemic-era low (376k), supporting sentiment. Meanwhile, the equity implied volatility subsided further, with the VIX index declining below 16% for the first time since February 2020 (15.7%). Regarding sectors, Real-estate overperformed (+2% wow) with the large-dividend-paying companies of the sector, becoming more attractive following the decline in long-term nominal yields. On the contrary, Banks underperformed (-3.5% wow), due to, *inter alia*, lower yields. On the other side of the Atlantic, the STOXX600 increased by 1.1% wow (+15% ytd), recording a new all-time high (458), following the ECB's upward revision by 0.6 pps of its projections for euro area GDP growth for 2021 and 2022 to 4.6% and 4.7% respectively compared to its previous projections in March. Sector-wise, Travel and Leisure overperformed (+3.3% wow), supported by the reopening and return-to-normal optimism.

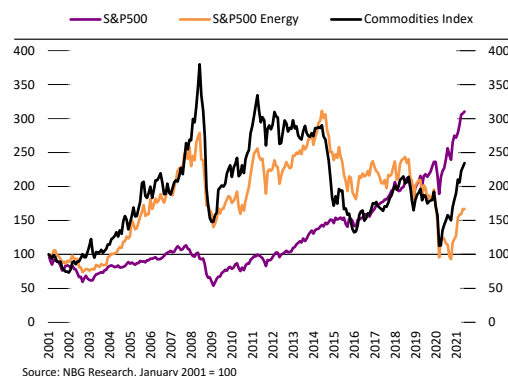
Fixed Income

- Government bond yields declined in major advanced economies in the past week.** Specifically, the US 10-year yield declined by 9 bps wow to 1.46%, recording its lowest level since March 2nd, while on Thursday the yield's initial upward intra-day movement following the release of inflation data, was only short-lived, as investors seem to adopt the view that the increase in prices is temporary. Moreover, the 10-year breakeven rates that reflect markets' inflation expectations over the next 10 years, fell by 8 bps wow to 2.32%, posting the lowest level since April 20th, which is significantly lower than the eight-year high of 2.54% recorded in mid-May. Investors' attention now turns to the upcoming Fed meeting (June 16th). In the UK, the 10-year yield declined by 9 bps wow to 0.71%, its lowest level since February 22nd. In Germany, 10-year yield decreased by 6 bps wow to -0.25%. Similarly, periphery government bond yields continue to decline following Thursday's ECB decision to maintain in Q3:21 the elevated pace of bond purchases via its pandemic emergency programme (PEPP). Specifically, in Italy the 10-year yield fell by 10 bps to 0.75% and in Spain by 9 bps to 0.36% with both recording 2-month lows. In Greece, the 10-year yield fell by 9 bps to 0.73%, its lowest level since February 9th, with the GGB/ Bund spread declining 3 bps to 98 bps remaining close to its lowest level since 2008, following the country's successful reopening of its 10-year bond, with the bids surpassing €30 bn. **Corporate bond spreads narrowed in the HY spectrum in the past week.** Specifically, US HY spreads were down by 7 bps to 321 bps, while their EUR peers declined also by 7 bps to 287 bps. In the investment grade spectrum, both US and EUR corporate bond spreads were broadly unchanged, at 90 bps and 84 bps, respectively.

FX and Commodities

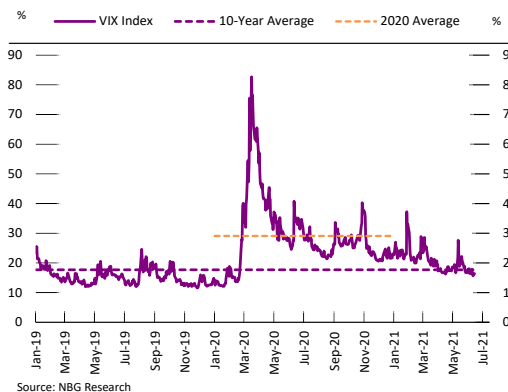
- In foreign exchange markets, the British pound modestly declined in the past week, due to, *inter alia*, the increased tension between the country and the European Union regarding the Northern Ireland Protocol.** Overall, the Sterling fell by 0.3% wow against the US dollar to \$1.413, while it remained broadly stable against the euro at €0.857. **Finally, in commodities, oil prices rose in the past week, recording their 3rd consecutive positive week,** due to the investors' expectations for strong demand in H2:21 and the larger-than-expected decline in US crude oil inventories, by 5.2 million barrels to 474 million barrels for the week ending June 4th. Overall, Brent ended the week up by 1.1% to \$72.7/barrel (+40% ytd), its highest level since April 2019 and the WTI by 1.9% to \$70.9/barrel (+46% ytd), its highest level since October 2018.

S&P500 & vs Commodities Relative Performance



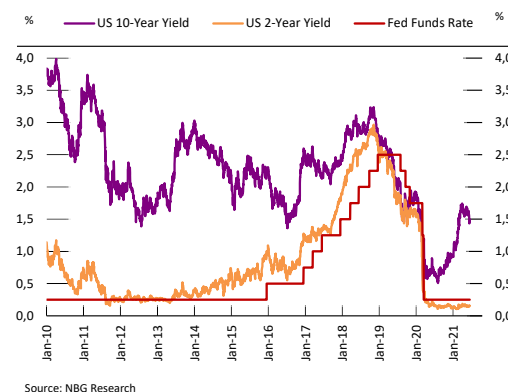
Graph 1.

Volatility Index (VIX)



Graph 2.

US Treasury Yields & Fed Funds Rate



Graph 3.

Quote of the week: "According to our latest projections, we see the euro area economy being back to the pre-COVID-19 level during the first quarter of 2022. That said, I am not suggesting that the pandemic emergency purchase programme (PEPP) is going to stop on 31 March", **ECB President, Christine Lagarde, June 14th 2021.**

Interest Rates & Foreign Exchange Forecasts

10-Yr Gov. Bond Yield (%)	June 11th	3-month	6-month	12-month	Official Rate (%)	June 11th	3-month	6-month	12-month
Germany	-0.25	-0.30	-0.20	-0.10	Euro area	0.00	0.00	0.00	0.00
US	1.46	1.40	1.50	1.60	US	0.25	0.25	0.25	0.25
UK	0.71	0.80	0.81	0.84	UK	0.10	0.10	0.08	0.06
Japan	0.03	0.09	0.14	0.14	Japan	-0.10	-0.10	-0.10	-0.10

Currency	June 11th	3-month	6-month	12-month	June 11th	3-month	6-month	12-month	
EUR/USD	1.21	1.17	1.18	1.20	USD/JPY	110	107	106	105
EUR/GBP	0.86	0.87	0.87	0.87	GBP/USD	1.41	1.35	1.36	1.38
EUR/JPY	133	125	125	126					

Forecasts at end of period

Economic Forecasts

United States	2019a	Q1:20a	Q2:20a	Q3:20a	Q4:20a	2020a	Q1:21a	Q2:21f	Q3:21f	Q4:21f	2021f
Real GDP Growth (YoY) (1)	2.2	0.3	-9.0	-2.8	-2.4	-3.5	0.4	13.0	7.4	7.9	6.7
Real GDP Growth (QoQ saar) (2)	-	-5.0	-31.4	33.4	4.3	-	6.4	10.2	8.8	6.3	-
Private Consumption	2.4	-6.9	-33.2	41.0	2.3	-3.9	10.7	9.9	7.3	6.7	8.1
Government Consumption	2.3	1.3	2.5	-4.8	-0.8	1.1	6.3	5.4	1.7	2.7	2.3
Investment	1.9	-1.4	-29.2	31.3	18.6	-1.8	10.1	7.8	4.3	3.2	9.3
Residential	-1.7	19.0	-35.6	63.0	36.6	6.1	10.8	5.8	1.8	1.5	13.8
Non-residential	2.9	-6.7	-27.2	22.9	13.1	-4.0	9.9	11.4	4.9	3.6	8.4
Inventories Contribution	0.0	-1.6	-4.3	6.7	1.4	-0.7	-3.1	1.5	1.7	0.0	0.5
Net Exports Contribution	-0.2	1.5	0.3	-5.5	-2.2	0.0	-1.1	-1.1	0.8	0.6	-1.4
Exports	-0.1	-9.5	-64.4	59.6	22.3	-12.9	-1.1	12.1	13.6	9.7	7.1
Imports	1.1	-15.0	-54.1	93.1	29.8	-9.3	5.7	14.6	4.1	2.9	13.3
Inflation (3)	1.8	2.1	0.3	1.2	1.3	1.2	1.9	4.9	4.6	4.1	3.9

Euro Area	2019a	Q1:20a	Q2:20a	Q3:20a	Q4:20a	2020a	Q1:21a	Q2:21f	Q3:21f	Q4:21f	2021f
Real GDP Growth (YoY)	1.3	-3.3	-14.6	-4.1	-4.7	-6.7	-1.3	12.9	3.1	5.4	4.8
Real GDP Growth (QoQ saar)	-	-14.5	-38.6	60.6	-2.4	-	-1.3	5.1	11.4	7.0	-
Private Consumption	1.3	-16.4	-41.8	70.0	-11.2	-8.0	-8.8	6.3	19.4	7.8	2.5
Government Consumption	1.8	-0.1	-9.9	23.0	1.5	1.4	-0.1	0.5	5.4	4.0	3.2
Investment	5.0	-21.4	-50.4	67.0	10.4	-8.4	1.0	7.4	13.7	5.9	7.5
Inventories Contribution	-0.3	2.2	-0.3	-5.7	1.8	-0.3	2.8	-0.4	-0.2	-0.1	0.2
Net Exports Contribution	-0.5	-2.8	-2.2	10.3	-0.4	-0.6	0.5	0.6	-2.1	0.7	0.9
Exports	2.5	-14.6	-56.1	85.8	16.3	-9.6	4.1	7.4	6.5	5.2	9.0
Imports	4.0	-10.0	-55.8	57.0	19.1	-9.1	3.5	6.7	12.1	3.9	7.6
Inflation	1.2	1.1	0.2	0.0	-0.3	0.3	1.0	1.9	2.4	2.5	1.9

a: Actual, f: Forecasts, 1. Seasonally adjusted YoY growth rate, 2. Seasonally adjusted annualized QoQ growth rate, 3. Year-to-year average % change

12-Month View & Key Factors for Global Markets

	US	Euro Area	Japan	UK
Equity Markets	<ul style="list-style-type: none"> + Massive Fiscal loosening will support the economy + 2021 EPS growth expectations have further room to increase + Share buybacks could resume - Peaking profit margins - High market cap concentration - P/Es (Valuations) approaching dot-com levels <p>● Neutral/Positive</p>	<ul style="list-style-type: none"> + Still high equity risk premium relative to other regions + Modest fiscal loosening in 2021 + 2021 EPS estimates remain pessimistic - Political uncertainty (Italy, German Elections) could intensify - Logistic disruptions (vaccine) and renewed lockdowns delay the recovery <p>● Neutral</p>	<ul style="list-style-type: none"> + Still aggressive QE and "yield-curve" targeting by the BoJ - Signs of policy fatigue regarding structural reforms and fiscal discipline - Strong appetite for foreign assets - JPY appreciation in a risk-off scenario could hurt exporters <p>● Neutral</p>	<ul style="list-style-type: none"> + 65% of FTSE100 revenues from abroad + Undemanding valuations in relative terms - Elevated Policy uncertainty to remain <p>● Neutral/Negative</p>
Government Bonds	<ul style="list-style-type: none"> + Valuations appear rich with term-premium below 0% + Sizeable fiscal deficit + Underlying inflation pressures under Average Inflation Targeting - Global search for yield by non-US investors continues - Safe haven demand - Fed to remain at ZLB in 2021 - Fed: Unlimited QE purchases <p>▲ Slightly higher yields expected</p>	<ul style="list-style-type: none"> + Valuations appear excessive compared with long-term fundamentals - Political Risks - Fragile growth outlook - Medium-term inflation expectations remain low - ECB QE net purchases - ECB QE "stock" effect <p>▲ Slightly higher yields expected</p>	<ul style="list-style-type: none"> + Sizeable fiscal deficits + Restructuring efforts to be financed by fiscal policy measures - Safe haven demand - Extremely dovish central bank - Yield-targeting of 10-Year JGB at around 0% <p>● Stable yields expected</p>	<ul style="list-style-type: none"> + Elevated Policy uncertainty to remain + Inflation expectations could drift higher due to supply disruptions post Brexit - The BoE is expected to remain on hold with risks towards rate cuts - Slowing economic growth post-Brexit <p>▲ Slightly higher yields expected</p>
Foreign Exchange	<ul style="list-style-type: none"> + Safe-haven demand - Fed's interest rate differential disappeared following cuts to 0%-0.25% - Global political uncertainty to decline <p>● Broadly Flat EUR against the USD with high volatility around \$1.20</p>	<ul style="list-style-type: none"> + Reduced short-term tail risks + Current account surplus - Sluggish growth - Deflation concerns - The ECB's monetary policy to remain extra loose (Targeted-LTROs, Quantitative Easing) <p>● Broadly Flat EUR against the USD with high volatility around \$1.20</p>	<ul style="list-style-type: none"> + Safe haven demand + More balanced economic growth recovery (long-term) + Inflation is bottoming out - Additional Quantitative Easing by the Bank of Japan if inflation does not approach 2% <p>▲ Slightly higher JPY</p>	<ul style="list-style-type: none"> + Valuations appear undemanding with REER below its 15-year average - Sizeable Current account deficit <p>▲ Higher GBP expected</p>

Equity Markets (in local currency)

Developed Markets		Current Level	1-week change (%)	Year-to-Date change (%)	1-Year change (%)	2-year change (%)	Emerging Markets		Current Level	1-week change (%)	Year-to-Date change (%)	1-Year change (%)
US	S&P 500	4247	0.4	13.1	41.5	47.5	MSCI Emerging Markets	76479	0.0	6.7	34.3	
Japan	NIKKEI 225	28949	0.0	5.5	28.8	37.0	MSCI Asia	1187	0.0	5.5	36.0	
UK	FTSE 100	7134	0.9	10.4	17.4	-3.2	China	108	-0.7	-0.1	26.6	
Canada	S&P/TSX	20138	0.5	15.5	33.8	24.1	Korea	999	0.1	7.8	46.1	
Hong Kong	Hang Seng	28842	-0.3	5.9	17.8	5.6	MSCI Latin America	106904	0.0	7.0	30.7	
Euro area	EuroStoxx	458	0.9	15.1	33.1	24.1	Brazil	398472	-0.3	6.6	32.7	
Germany	DAX 30	15693	0.0	14.4	31.1	29.5	Mexico	46979	1.8	15.6	37.0	
France	CAC 40	6601	1.3	18.9	37.1	22.8	MSCI Europe	6846	0.7	14.0	27.5	
Italy	FTSE/MIB	25717	0.6	15.7	36.7	25.7	Russia	1535	0.9	16.2	30.5	
Spain	IBEX-35	9205	1.3	14.0	26.5	-0.4	Turkey	1587700	2.4	-6.1	17.1	

World Market Sectors (MSCI Indices)

in US Dollar terms		Current Level	1-week change (%)	Year-to-Date change (%)	1-Year change (%)	2-year change (%)	in local currency		Current Level	1-week change (%)	Year-to-Date change (%)	1-Year change (%)
Energy		172.5	0.1	33.6	35.9	-10.9	Energy	171.3	0.2	32.4	30.0	
Materials		364.7	-1.2	14.4	50.1	43.7	Materials	335.5	-1.0	14.4	43.6	
Industrials		343.1	-1.1	12.7	45.8	35.1	Industrials	331.6	-1.0	13.8	42.8	
Consumer Discretionary		409.0	1.0	8.5	49.5	60.5	Consumer Discretionary	389.3	1.1	9.4	47.8	
Consumer Staples		279.0	-0.2	5.4	19.9	16.6	Consumer Staples	271.9	-0.1	5.7	16.6	
Healthcare		338.3	2.8	8.3	23.9	37.5	Healthcare	328.4	2.9	8.8	22.1	
Financials		146.1	-1.9	22.4	52.9	28.5	Financials	142.4	-1.7	22.3	47.9	
IT		480.3	1.7	8.3	45.2	83.5	IT	462.1	1.7	8.6	44.5	
Telecoms		108.0	1.0	14.8	44.4	55.4	Telecoms	112.0	1.0	15.3	43.5	
Utilities		156.9	0.9	2.3	14.1	12.1	Utilities	156.7	1.1	2.4	11.2	

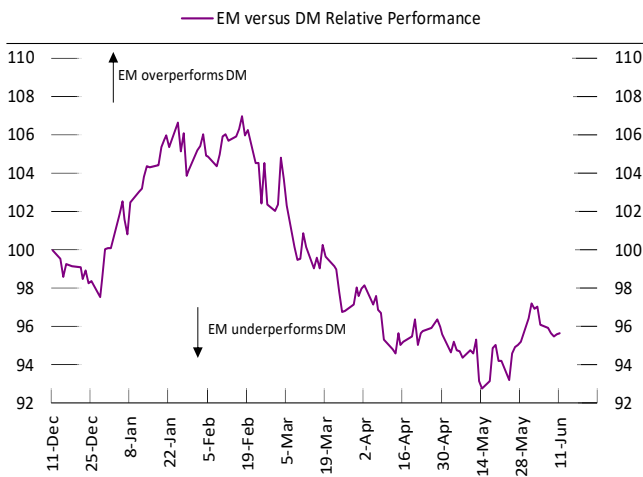
Bond Markets (%)

10-Year Government Bond Yields		Current	Last week	Year Start	One Year Back	10-year average	Government Bond Yield Spreads (in bps)		Current	Last week	Year Start	One Year Back
US		1.46	1.55	0.92	0.65	2.08	US Treasuries 10Y/2Y	131	140	80	46	
Germany		-0.25	-0.19	-0.56	-0.41	0.64	US Treasuries 10Y/5Y	71	76	53	26	
Japan		0.03	0.08	0.02	0.02	0.31	Bunds 10Y/2Y	44	48	16	25	
UK		0.71	0.80	0.20	0.18	1.53	Bunds 10Y/5Y	37	40	18	23	
Greece		0.73	0.82	0.62	1.31	8.65	Corporate Bond Spreads (in bps)		Current	Last week	Year Start	One Year Back
Ireland		0.10	0.15	-0.30	0.10	2.45	EM Inv. Grade (IG)	148	152	163	237	
Italy		0.75	0.85	0.45	1.51	2.71	EM High yield	512	510	524	766	
Spain		0.36	0.45	0.04	0.59	2.36	US IG	90	91	103	170	
Portugal		0.31	0.40	0.04	0.55	3.90	US High yield	321	328	386	640	
US Mortgage Market (1. Fixed-rate Mortgage)		Current	Last week	Year Start	One Year Back	10-year average	Euro area IG	84	85	93	144	
30-Year FRM ¹ (%)		3.15	3.17	2.90	3.38	4.06	Euro area High Yield	287	294	355	521	
vs 30Yr Treasury (bps)		101.0	93.7	125.4	197.7	124.5						

Foreign Exchange & Commodities

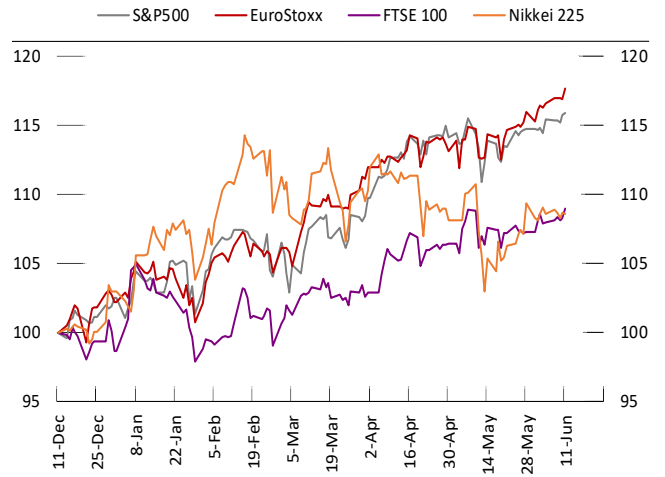
Foreign Exchange		Current	1-week change (%)	1-month change (%)	1-Year change (%)	Year-to-Date change (%)	Commodities		Current	1-week change (%)	1-month change (%)	1-Year change (%)
Euro-based cross rates							Agricultural	427	-4.7	-8.3	59.3	
EUR/USD		1.21	-0.4	0.3	6.4	-1.0	Energy	234	1.1	5.2	88.2	
EUR/CHF		1.09	-0.5	-0.8	1.8	0.6	West Texas Oil (\$)	71	1.9	7.3	95.1	
EUR/GBP		0.86	-0.1	0.1	-4.8	-4.2	Crude Brent Oil (\$)	73	1.1	4.9	88.6	
EUR/JPY		132.93	-0.2	0.6	9.5	5.2	Industrial Metals	470	0.8	-1.8	59.8	
EUR/NOK		10.10	-0.1	0.6	-6.6	-3.6	Precious Metals	2501	-0.5	3.1	12.0	
EUR/SEK		10.07	0.0	-0.8	-4.0	0.2	Gold (\$)	1878	-0.7	3.4	8.7	
EUR/AUD		1.57	0.0	0.9	-4.6	-0.8	Silver (\$)	28	0.5	3.5	58.3	
EUR/CAD		1.47	0.0	0.7	-4.6	-5.6	Baltic Dry Index	2857	17.2	-9.0	240.5	
USD-based cross rates							Baltic Dirty Tanker Index	581	-0.7	-5.2	3.9	
USD/CAD		1.21	0.5	0.4	-10.4	-4.7						
USD/AUD		1.30	0.4	0.6	-10.4	0.2						
USD/JPY		109.77	0.2	0.4	2.9	6.3						

EM vs DM Performance in \$



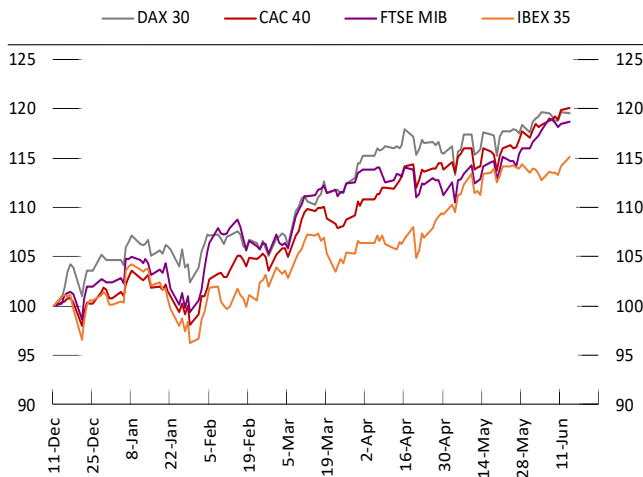
Data as of June 11th – Rebased @ 100

Equity Market Performance - G4



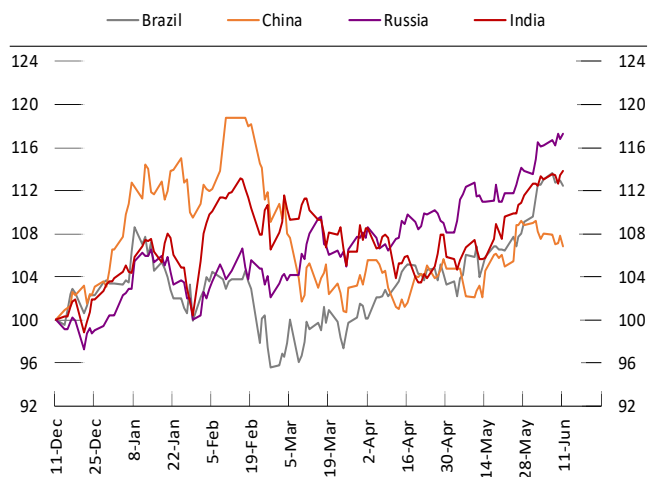
Data as of June 11th – Rebased @ 100

Equity Market Performance – Euro Area G4



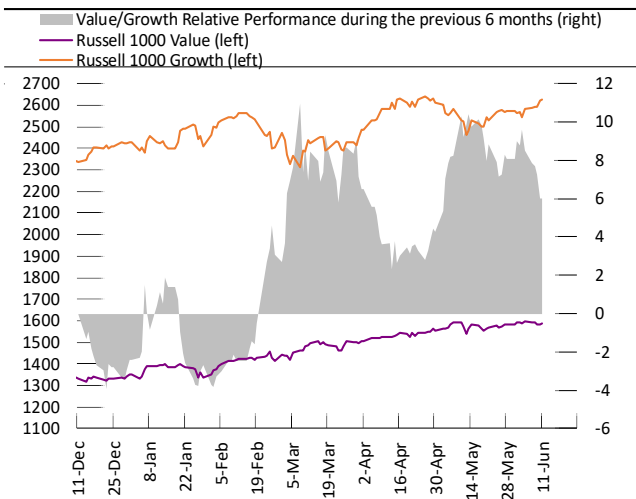
Data as of June 11th – Rebased @ 100

Equity Market Performance - BRICs



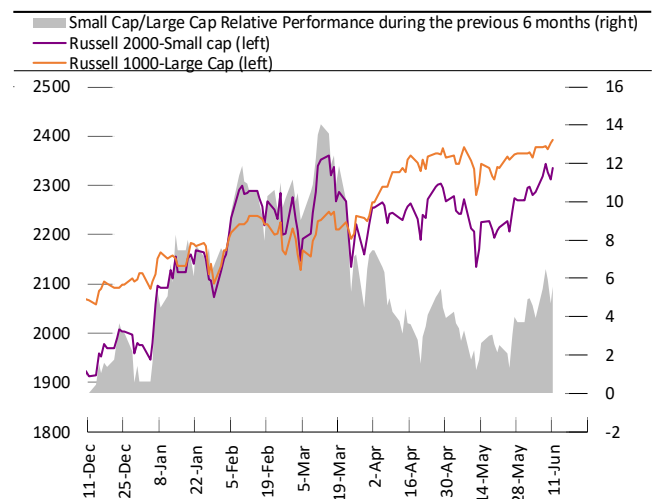
Data as of June 11th – Rebased @ 100

Russell 1000 Value & Growth Index



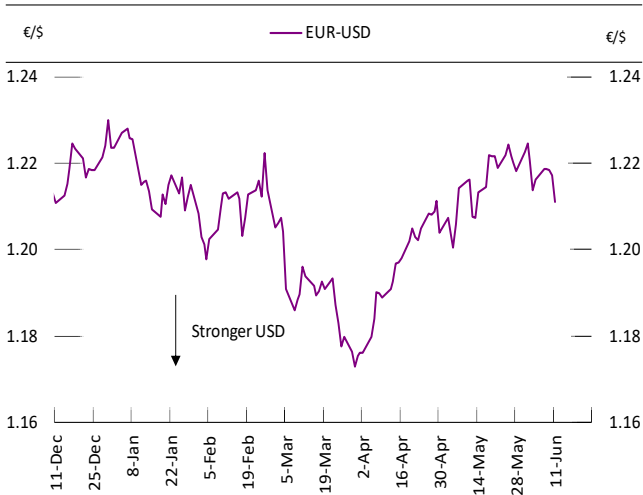
Data as of June 11th

Russell 2000 & Russell 1000 Index



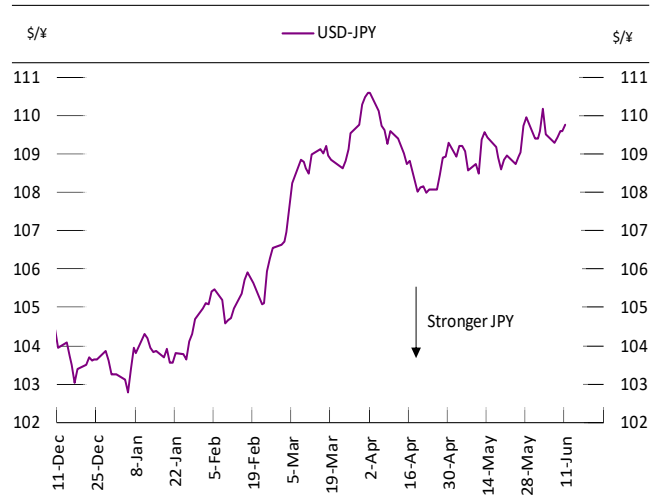
Data as of June 11th

EUR/USD



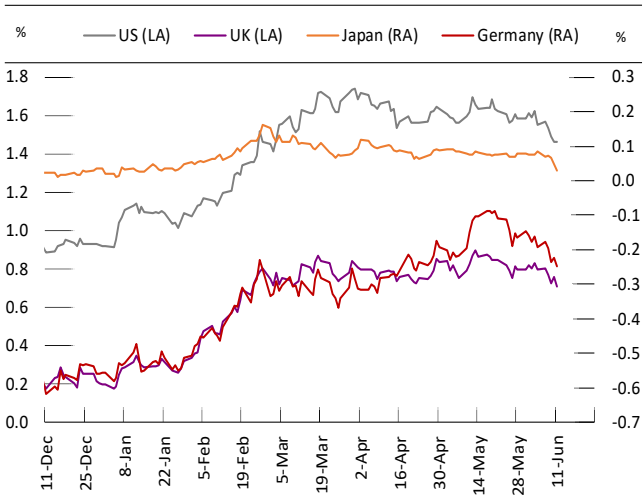
Data as of June 11th

JPY/USD



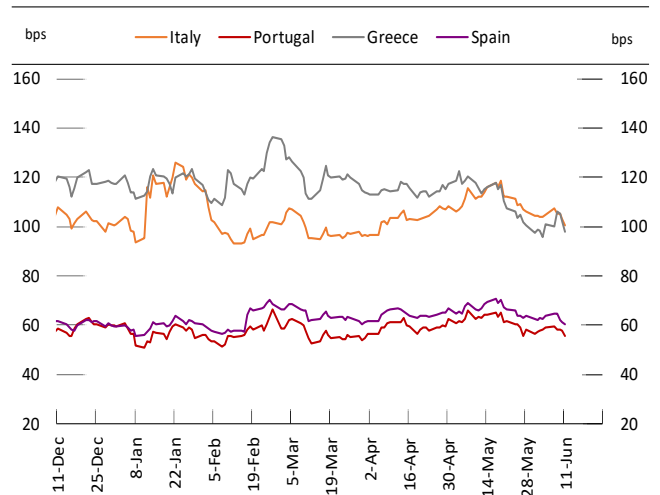
Data as of June 11th

10- Year Government Bond Yields



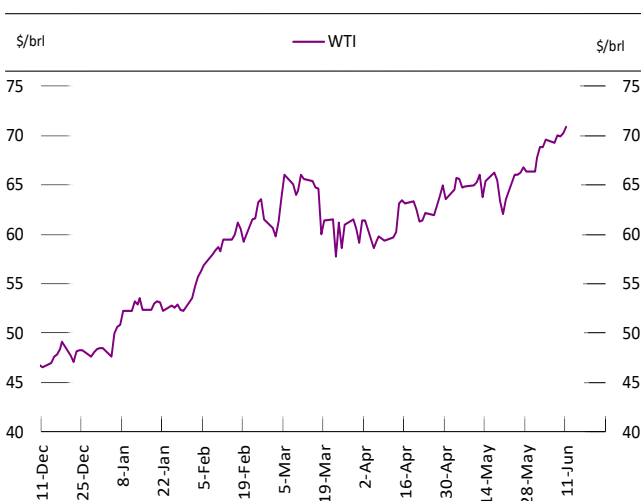
Data as of June 11th
LA:Left Axis RA:Right Axis

10- Year Government Bond Spreads



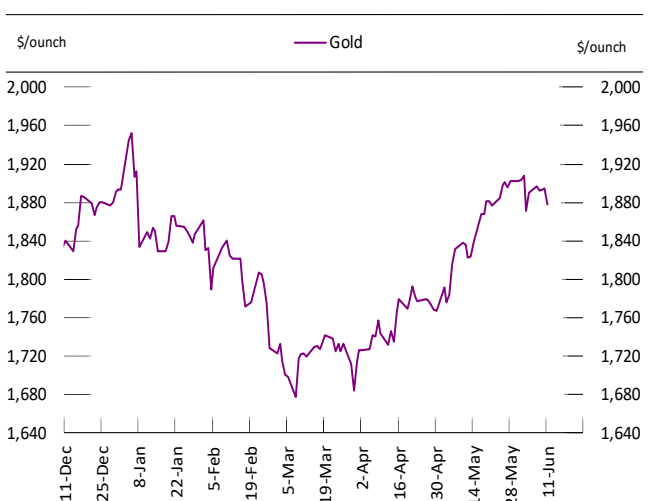
Data as of June 11th

West Texas Intermediate (\$/bbl)



Data as of June 11th

Gold (\$/ounce)



Data as of June 11th

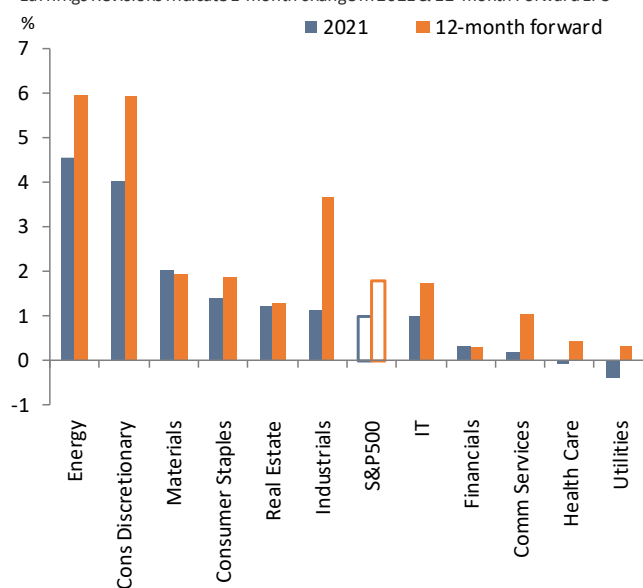
US Sectors Valuation

	Price (\$)			EPS Growth (%)		Dividend Yield (%)		P/E Ratio				P/BV Ratio			
	11/6/21	% Weekly Change	%YTD	2020	2021	2020	2021	2020	2021	12m fwd	10Yr Avg	2020	2021	Current	10Yr Avg
S&P500	4247	0.4	13.1	-13.9	36.3	1.5	1.4	27.6	22.6	21.5	16.3	4.2	4.4	4.2	2.8
Energy	413	-0.6	44.5	N/A	N/A	4.8	4.0	N/A	20.5	18.7	16.3	1.7	1.9	1.8	1.7
Materials	539	-2.0	18.4	-6.4	61.9	1.8	1.7	26.5	19.1	19.0	15.6	3.1	3.2	3.1	2.6
Financials															
Diversified Financials	1029	-1.4	26.2	-6.4	38.2	1.3	1.2	20.1	17.3	17.2	14.3	2.0	2.2	2.1	1.5
Banks	416	-3.5	31.5	-32.6	66.4	2.6	2.2	17.9	12.3	12.5	11.1	1.3	1.4	1.3	1.0
Insurance	510	-2.5	19.4	-9.5	25.3	2.3	2.4	14.7	13.4	13.1	11.1	1.4	1.5	1.5	1.1
Real Estate	284	2.0	24.4	-5.0	8.2	3.0	2.4	21.5	24.3	23.8	18.4	3.3	4.1	4.2	3.2
Industrials															
Capital Goods	894	-1.8	17.5	-30.9	54.1	1.6	1.5	33.3	24.6	22.8	16.5	5.1	5.4	5.2	3.7
Transportation	1081	-2.1	16.1	N/A	N/A	1.4	1.2	N/A	45.2	N/A	10.8	7.1	7.4	6.9	3.7
Commercial Services	459	-0.1	8.9	5.5	13.7	1.2	1.1	27.9	29.2	27.9	20.3	5.3	5.6	5.4	3.5
Consumer Discretionary															
Retailing	3867	2.7	8.5	20.5	31.4	0.5	0.5	40.6	34.4	32.2	25.2	15.2	13.3	11.8	8.1
Consumer Services	1442	0.8	9.3	N/A	N/A	1.1	0.9	N/A	208.0	N/A	24.1	17.2	23.1	21.7	8.7
Consumer Durables	472	-1.2	7.1	-4.0	45.3	1.2	1.2	24.8	18.0	17.0	17.4	4.7	4.3	4.0	3.3
Automobiles and parts	129	0.3	-1.8	-66.9	54.9	0.2	0.0	68.3	42.8	N/A	12.3	7.2	6.3	5.9	2.2
IT															
Technology	2551	0.9	1.2	8.2	36.7	1.0	0.9	28.7	22.5	22.0	14.1	15.2	15.0	14.5	5.3
Software & Services	3414	2.3	10.9	8.3	17.5	0.8	0.8	35.1	33.0	31.1	19.5	10.0	10.0	9.4	5.7
Semiconductors	2030	-0.1	14.8	10.5	27.3	1.2	1.2	25.6	21.4	20.4	14.9	7.6	7.0	6.5	3.5
Communication Services	261	0.8	17.6	0.1	24.3	0.9	0.8	26.7	24.1	22.9	18.4	4.1	4.2	4.0	3.0
Media	1031	0.9	20.5	5.0	37.1	0.2	0.2	34.2	28.2	26.4	21.5	5.2	5.3	5.0	3.4
Consumer Staples															
Food & Staples Retailing	590	-0.7	3.7	2.9	8.1	1.7	1.6	22.9	23.6	22.7	17.3	4.7	5.0	4.8	3.4
Food Beverage & Tobacco	787	-0.6	8.3	1.4	8.5	3.5	3.2	18.6	19.7	19.1	18.0	5.1	5.5	5.5	5.0
Household Goods	832	-0.8	-1.8	11.2	6.8	2.3	2.3	24.3	24.5	23.8	20.4	9.5	10.6	10.5	6.0
Health Care															
Pharmaceuticals	1165	3.5	8.8	9.9	15.1	2.2	2.2	15.6	14.9	14.6	14.9	5.2	5.7	5.3	4.1
Healthcare Equipment	1734	0.3	10.0	5.3	15.0	0.9	1.0	21.8	21.1	20.3	16.2	3.8	4.0	3.8	2.8
Utilities	334	1.1	4.7	1.5	2.4	3.5	3.2	18.1	20.0	19.4	16.5	1.9	2.1	2.1	1.7

Blue box indicates a value more than +2standard deviation from average, light blue a value more than +1standard deviation from average. Orange box indicates a value less than -2standard deviation from average, light orange a value less than -1standard deviation from average

1-month revisions to 2021 & 12-month Forward EPS

Earnings Revisions indicate 1-month change in 2021 & 12-month Forward EPS

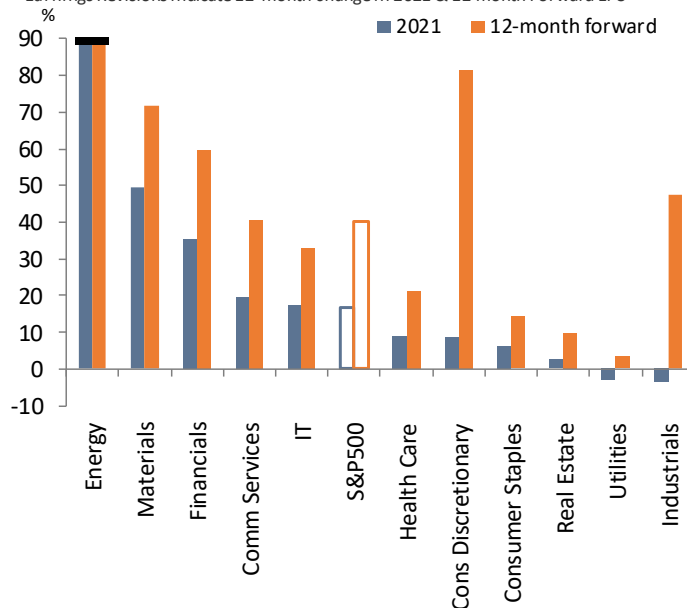


Data as of June 11th

12-month forward EPS are 55% of 2021 EPS and 45% of 2022 EPS

12-month revisions to 2021 & 12-month Forward EPS

Earnings Revisions indicate 12-month change in 2021 & 12-month Forward EPS



Data as of June 11th

12-month forward EPS are 55% of 2021 EPS and 45% of 2022 EPS

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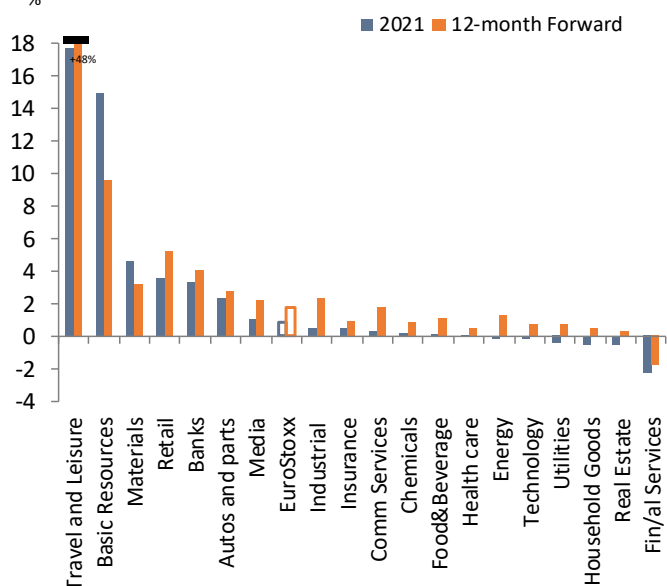
Euro Area Sectors Valuation

	Price (€)			EPS Growth (%)		Dividend Yield (%)		P/E Ratio				P/BV Ratio			
	11/6/21	% Weekly Change	%YTD	2020	2021	2020	2021	2020	2021	12m fwd	10Yr Avg	2020	2021	Current	10Yr Avg
EuroStoxx	458	0.9	15.1	-35.3	50.2	2.2	2.4	25.8	19.4	18.3	14.0	1.8	1.9	1.9	1.4
Energy	281	0.4	11.2	-79.4	288.0	4.1	4.6	55.5	14.9	14.0	12.9	1.4	1.4	1.4	1.1
Materials	954	-1.6	10.3	-17.9	89.0	2.5	2.4	28.0	16.5	17.0	15.4	2.1	2.2	2.1	1.7
Basic Resources	241	0.1	15.7	N/A	N/A	2.2	2.3	N/A	7.4	8.9	12.0	1.1	1.0	1.0	0.7
Chemicals	1379	-1.8	9.5	-7.7	33.7	2.5	2.4	24.8	20.8	20.3	16.1	2.4	2.6	2.6	2.3
Financials															
Fin/al Services	535	0.6	9.1	-27.2	22.3	2.4	2.6	18.8	16.8	16.9	14.0	1.3	1.4	1.3	1.2
Banks	98	-1.0	33.1	-47.6	57.5	2.1	4.4	14.8	11.0	10.3	9.7	0.6	0.6	0.6	0.6
Insurance	287	-1.0	9.9	-24.1	37.8	5.5	5.4	12.9	9.9	9.6	9.4	0.8	0.9	0.8	0.9
Real Estate	233	2.2	6.0	-14.5	0.0	3.2	3.1	18.4	21.1	20.0	17.2	0.9	1.0	1.0	1.0
Industrial	1112	1.2	13.6	-24.6	16.6	1.5	1.6	28.1	26.7	24.3	16.4	3.4	3.6	3.5	2.5
Consumer Discretionary															
Media	257	0.3	17.4	-23.2	15.1	2.3	2.3	21.7	20.8	19.8	16.1	2.7	2.7	2.6	1.9
Retail	791	-0.1	19.2	-41.7	67.8	1.8	2.0	43.8	32.8	30.5	22.6	5.6	6.4	6.2	4.2
Automobiles and parts	654	-0.3	29.7	-77.8	591.8	1.7	3.3	52.5	9.3	8.8	8.8	1.0	1.2	1.1	1.0
Travel and Leisure	223	3.3	4.5	N/A	N/A	0.3	0.5	N/A	N/A	N/A	N/A	2.7	3.4	3.2	2.1
Technology	857	2.6	19.6	-5.3	25.9	0.6	0.7	36.2	32.2	30.0	20.0	5.4	5.3	5.0	3.4
Communication Services	291	2.2	17.5	6.7	-18.0	4.6	3.5	12.1	17.2	16.3	14.2	1.4	1.6	1.5	1.7
Consumer Staples															
Food&Beverage	566	0.7	8.8	-39.9	26.2	1.5	1.6	28.6	26.4	24.8	19.3	2.4	2.8	2.7	2.6
Household Goods	1461	1.7	20.0	-31.4	49.5	1.0	1.0	51.6	41.8	39.4	23.8	6.5	7.2	6.9	3.8
Health care	894	3.4	10.1	-8.9	7.8	1.9	1.9	20.4	20.8	19.9	16.2	2.4	2.5	2.5	2.2
Utilities	378	1.0	-0.7	-21.6	19.1	4.4	4.3	18.7	16.6	16.0	13.3	1.6	1.7	1.7	1.1

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1-month revisions to 2021 & 12-month Forward EPS

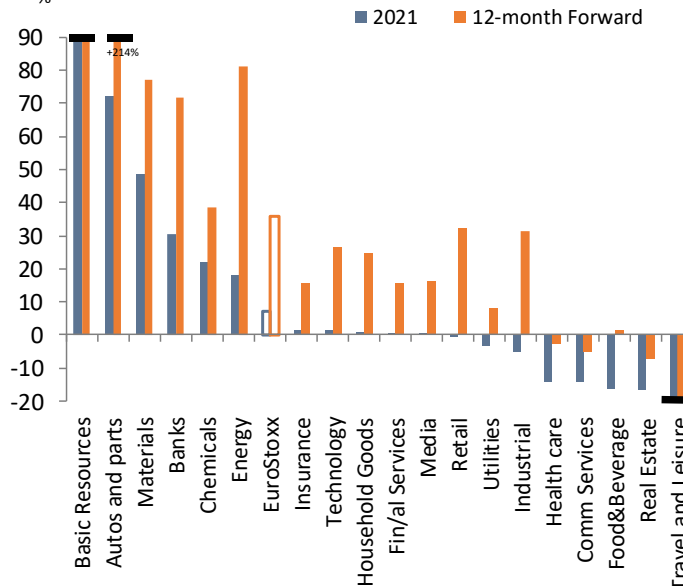
Earnings Revisions indicate 1-month change in 2021 & 12-month Forward EPS %



Data as of June 11th
12-month forward EPS are 55% of 2021 EPS and 45% of 2022 EPS

12-month revisions to 2021 & 12-month Forward EPS

Earnings Revisions indicate 12-month change in 2021 & 12-month Forward EPS %



Data as of June 11th
12-month forward EPS are 55% of 2021 EPS and 45% of 2022 EPS

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